

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	157.03	(0.24)	12.00	168.79	(0.29)	12.00	168.74	168.74
Personal Services	6,747,304	713,572	507,196	7,968,072	707,437	505,799	7,960,540	15,928,612
Operating Expenses	20,269,621	5,285,799	2,506,908	28,062,328	5,286,066	1,245,000	26,800,687	54,863,015
Equipment	132,349	0	0	132,349	0	0	132,349	264,698
Capital Outlay	0	0	0	0	0	0	0	0
Grants	6,664,753	632,000	0	7,296,753	632,000	0	7,296,753	14,593,506
Benefits & Claims	9,112,972	0	0	9,112,972	0	0	9,112,972	18,225,944
Transfers	0	0	0	0	0	0	0	0
Debt Service	37,587	0	0	37,587	0	0	37,587	75,174
Total Costs	\$42,964,586	\$6,631,371	\$3,014,104	\$52,610,061	\$6,625,503	\$1,750,799	\$51,340,888	\$103,950,949
General Fund	1,852,039	74,855	183,992	2,110,886	71,407	183,991	2,107,437	4,218,323
State/Other Special	5,320,797	516,372	1,223,796	7,060,965	518,572	(38,239)	5,801,130	12,862,095
Federal Special	35,791,750	6,040,144	1,606,316	43,438,210	6,035,524	1,605,047	43,432,321	86,870,531
Total Funds	\$42,964,586	\$6,631,371	\$3,014,104	\$52,610,061	\$6,625,503	\$1,750,799	\$51,340,888	\$103,950,949

Program Description

The purpose of the Public Health and Safety Division (PHSD) is to improve and protect the health and safety of Montanans. The division provides a wide range of preventive, emergency preparedness, and other public health services to individuals and communities. Services are delivered through a broad range of private and public providers, including public health departments, clinics, and hospitals. PHSD administers public health programs including, but not limited to:

- Clinical and environmental laboratory services
- Women's, Infants and Children's Special Nutrition Program (WIC)
- Maternal and child public health services
- Immunization programs
- Sexually transmitted diseases/HIV prevention
- Food and consumer safety
- Emergency medical services
- Family planning
- Chronic and communicable disease prevention
- Public health emergency preparedness

Public health services are administered at both the state level and at the local level and services are delivered through contract arrangements with local public health and other health service agencies. PHSD contracts with over 700 providers for the delivery of health care services.

Statutory authority for public health functions is in Title 50, MCA, including local public health activities. Rules governing public health programs are in Title 37 of the Administrative Rules of Montana. Specific citations include: Maternal and Child Health Title 50, Chapter 1 and Chapter 19, MCA, and Title V of the Social Security Act; Family Planning Title X of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59; WIC P. L. 95-627, Child Nutrition Act of 1966, and 7 CFR part 246.

Program Highlights

Public Health and Safety Division (PHSD)	
Major Budget Highlights	
<ul style="list-style-type: none"> Increases in federal funding add \$16 million of the \$18 million growth in the 2007 biennium request compared to FY 2004 base budget expenditures <ul style="list-style-type: none"> The request includes funding for 12.00 new FTE for a number of different functions Most of the growth is in categorical grants that have expenditure guidelines and funding restrictions The executive budget includes continued funding of the prevention and stabilization account created by the 2003 Legislature and <ul style="list-style-type: none"> Requests legislation to continue diversion of tobacco settlement proceeds from tobacco control and prevention to maintain funding for: <ul style="list-style-type: none"> The Montana Initiative for the Abatement of Mortality in Infants (MIAMI) program Poison control and AIDS treatment and prevention Requests general fund for tobacco control and prevention functions and reduces tobacco settlement revenues Adds \$1 million in state special revenue to the 2007 biennium budget request 	
Major LFD Issues	
<ul style="list-style-type: none"> The executive budget records up to \$36 million annually as operating costs rather than as grants and benefits, with the most significant issue being potential contravention of legislative intended outcomes for carryforward of 30 percent of unexpended appropriation authority for operating costs The executive budget requests general fund for tobacco control and prevention activities rather than using a portion of the tobacco settlement state special revenue allocated by statute to that function. See DPHHS overview for more detailed analysis and discussion of legislative policy options 	

Program Narrative

The Public Health and Safety Division (PHSD) FY 2006 budget request is about \$10 million greater than the FY 2004 base budget and the FY 2007 request is about \$8 million higher. Most of the increase is in present law adjustments (about \$7 million per year). With the exception of about \$0.25 million in state special revenue and even less general fund (about \$87,000 per year), present law adjustments add appropriation authority for anticipated increases in federal categorical grants. The most significant federal grant funding changes are:

- Bioterrorism and emergency preparedness (\$2 million annually)
- Cardiovascular health (\$0.6 million annually)
- Tobacco use prevention and quit line (\$0.4 million annually)
- Laboratory capacity (\$0.4 million annually)
- Breast and cervical cancer screening and obesity prevention (\$0.3 million annually each)

In addition, federal funds support about \$0.7 million annually in state wide present law adjustments.

General fund rises about \$71,000 to \$75,000 annually to support statewide present law adjustments. About 25 percent of the general fund increase is due to cost allocation changes in the division administration function, with other increases in the tumor registry, genetics, food and consumer safety, and communicable disease programs.

New proposals add \$3 million to the FY 2006 budget and \$2 million in FY 2007 compared to base budget expenditures. As with present law adjustments, most of the increase is in federal categorical grant funding - about \$1.7 million each year. State special revenue adds \$1.3 million in biennial appropriation authority in FY 2006. General fund increases about \$50,000 per year.

New proposals fund 12.00 new FTE from federal and state special revenues. The most significant new proposals that add federal funding are:

- Disability and health grant (\$0.45 million per year)
- Emergency preparedness and rural health grants (\$0.4 million per year and funding for 4.00 FTE)
- Comprehensive cancer control grant (\$0.2 million per year)

The remaining 8 other requests add about \$0.6 million per year and fund various public health activities and new FTE for Libby asbestos screening (2.00 FTE), tobacco control and prevention (2.00 FTE), 1.00 FTE for public health tracking, 1.00 FTE environmental laboratory chemist and 1.00 FTE for communicable disease. The remaining new 1.00 FTE clinical laboratory specialist is funded through laboratory state special revenue.

The executive budget continues the diversion of tobacco settlement state special revenue from tobacco prevention and control functions to other programs. This action was authorized for the 2005 biennium only by the 2003 Legislature when it created the prevention and stabilization account (PSA) and diverted \$12 million from tobacco prevention and control to continue programs slated for elimination in the Governor's 2005 biennium budget request. DPHHS has requested legislation to continue the diversion of tobacco settlement revenue into the PSA and its budget request includes biennial state special revenue appropriations from the PSA for:

- Montana Initiative for the Abatement of Infant Mortality (MIAMI) - \$1 million
- Poison control and AIDS prevention - \$0.2 million
- Increased state special revenue is also requested to pass through local board inspection funds (\$0.1 million annually) and to fund 1.00 FTE for the public health and environmental laboratories (\$0.1 million annually).
- New proposals supported by general fund net to a \$50,000 annual increase. An across the board personal services reduction removes funding for about 0.25 FTE and \$13,000 to \$15,000 general fund from the public health laboratory. Another proposal (DP 111) shows a net funding increase of about \$84,000, but includes a funding switch that adds about \$184,000 general fund and reduces tobacco settlement state special revenue funding by \$184,000 per year. The proposal adds \$83,000 in federal authority for a new FTE and other operating costs for tobacco prevention and control.

LFD COMMENT

The executive proposal requests continuation of the PSA and shifts funding for some tobacco control and prevention functions from tobacco settlement funds to general fund. Since the executive budget allocates tobacco settlement revenue to functions other than tobacco control and prevention, general fund is requested to continue present level activities for tobacco prevention and control. These issues are discussed in more detail in the DPHHS overview since the PSA and allocation of tobacco settlement revenue affects more than one division in the DPHHS budget request.

Summary of Division Base Budget Compared to Executive Request by Function

Figure 34 shows the FY 2004 base budget expenditures compared to the 2007 biennium request by function of PHSD.

Figure 34
Fiscal 2004 Base Budget Compared to 2007 Biennium Executive Budget Request
Public Health and Safety Division

Major Function	FY 2004 Base Budget				FY 2006 Executive Request				FY 2007 Executive Request				% of
Grants and Benefits	Genl Fund	SSR	Federal	Total	Genl Fund	SSR	Federal	Total	Genl Fund	SSR	Federal	Total	Total
<u>Major Function</u>													
Division Administration	\$142,692	\$102,766	\$912,318	\$1,157,776	\$164,178	\$143,532	\$1,002,893	\$1,310,603	\$164,371	\$143,884	\$1,002,335	\$1,310,590	3%
Chronic Disease Prev/Hlth Prom	507,781	2,514,645	4,453,532	7,475,958	704,727	2,408,561	7,381,198	10,494,486	704,025	2,330,654	7,380,188	10,414,867	20%
Family & Community Health	576,695	4,095	17,691,787	18,272,577	585,359	1,104,095	18,536,088	20,225,542	585,502	4,095	18,536,235	19,125,832	37%
Communicable Disease Prev.	419,332	699,212	4,211,082	5,329,626	463,758	1,077,604	4,972,432	6,513,794	463,271	995,611	4,970,623	6,429,505	13%
Laboratories	185,370	2,000,079	68,371	2,253,820	172,695	2,373,053	270,156	2,815,904	170,099	2,372,638	270,275	2,813,012	5%
Pub Health Sys Improvement/ Emergency Preparedness	<u>20,169</u>	<u>0</u>	<u>8,454,660</u>	<u>8,474,829</u>	<u>20,169</u>	<u>0</u>	<u>11,229,563</u>	<u>11,249,732</u>	<u>20,169</u>	<u>0</u>	<u>11,226,913</u>	<u>11,247,082</u>	<u>22%</u>
Total Division Budget	<u>\$1,852,039</u>	<u>\$5,320,797</u>	<u>\$35,791,750</u>	<u>\$42,964,586</u>	<u>\$2,110,886</u>	<u>\$7,106,845</u>	<u>\$43,392,330</u>	<u>\$52,610,061</u>	<u>\$2,107,437</u>	<u>\$5,846,882</u>	<u>\$43,386,569</u>	<u>\$51,340,888</u>	100%
Percent of Total	4%	12%	83%	100%	4%	14%	82%	100%	4%	11%	85%	100%	
<u>Grants</u>													
Women, Infants and Children	\$0	\$0	\$3,338,555	\$3,338,555	\$0	\$0	\$3,970,555	\$3,970,555	\$0	\$0	\$3,970,555	\$3,970,555	54%
Emergency Preparedness	0	0	148,049	148,049	0	0	148,049	148,049	0	0	148,049	148,049	2%
Family Planning	0	0	1,431,803	1,431,803	0	0	1,431,803	1,431,803	0	0	1,431,803	1,431,803	20%
Maternal/Child Health Grnt	0	0	1,108,480	1,108,480	0	0	1,108,480	1,108,480	0	0	1,108,480	1,108,480	15%
Food/Consumer Safety	0	588,785	0	588,785	0	588,785	0	588,785	0	588,785	0	588,785	8%
AIDS Prevention/Treatment	0	0	48,811	48,811	0	0	48,811	48,811	0	0	48,811	48,811	1%
Breast/Cervical Cancer Screen	0	0	61	61	0	0	61	61	0	0	61	61	0%
Health Systems Admin.	<u>0</u>	<u>0</u>	<u>209</u>	<u>209</u>	<u>0</u>	<u>0</u>	<u>209</u>	<u>209</u>	<u>0</u>	<u>0</u>	<u>209</u>	<u>209</u>	<u>0%</u>
Subtotal Grants	<u>\$0</u>	<u>\$588,785</u>	<u>\$6,075,968</u>	<u>\$6,664,753</u>	<u>\$0</u>	<u>\$588,785</u>	<u>\$6,707,968</u>	<u>\$7,296,753</u>	<u>\$0</u>	<u>\$588,785</u>	<u>\$6,707,968</u>	<u>\$7,296,753</u>	100%
Percent of Total Grants	0%	9%	91%	100%	0%	8%	92%	100%	0%	8%	92%	100%	
% of Total Division Budget	0%	11%	17%	16%	0%	8%	15%	14%	0%	10%	15%	14%	
<u>Benefits</u>													
Women, Infants and Children	\$0	\$0	\$9,423,803	\$9,423,803	\$0	\$0	\$9,111,348	\$9,111,348	\$0	\$0	\$9,111,348	\$9,111,348	100%
% of Total Division Budget	0%	0%	26%	22%	0%	0%	21%	17%	0%	0%	21%	18%	

Division administration is responsible for the overall management of PHSD. Its budget accounts for 3 percent of the total FY 2007 division budget request. The majority of division administration functions are cost allocated among all division functions. The Libby asbestos screening project is managed in the division administration program and is funded from a federal grant. The total division request increases about \$150,000 annually, with half of the change in federal funds for the Libby asbestos program, including funds for 2.0 new FTE. The balance of the division administration function increase is due to statewide present law adjustments.

The chronic disease prevention and health promotion function budget is about 20 percent of the FY 2007 request, rising about \$3 million annually compared to the FY 2004 base budget. The bureau administers diabetes control, breast and cervical cancer screening, tumor registry, emergency medical services, and tobacco prevention and control programs. The most significant changes are:

- Increases in federal grant funding of \$0.7 million annually for diabetes control, obesity prevention, and breast and cervical cancer screening
- A federal grant increase of \$0.4 million annually for tobacco prevention and control, with a new proposal to fund 2.00 new FTE, and a funding shift that appropriates general fund and federal funds and reduces state special revenue tobacco settlement funds

The family and community health function accounts for 37 percent of the total FY 2007 budget request. Major responsibilities include the WIC program, family planning, MIAMI, newborn hearing screening, and genetics programs. This function also administers the contracts with local governments and contractors that provide maternal and child health services funded by the MCH block grant. The most significant changes are:

- Continuation of MIAMI - \$1 million in FY 2006
- WIC federal grant increases of \$0.6 million annually

Communicable disease prevention is 13 percent of the total division budget and major responsibilities include food and consumer safety, tuberculosis control, immunization, sexually transmitted disease (STD), rape prevention, and AIDS prevention. The most significant change is:

- Increased state special revenue authority to pass through license fee revenue to local governments for inspection functions (\$0.2 million per year)

Laboratory functions are 5 percent of the total division budget and include the environmental and public health laboratories and the biomonitoring function. The most significant changes are:

An increase in the federal grant for biomonitoring of \$175,000 annually

- Increases for laboratory supplies and equipment replacement, including funding for 2.00 new FTE, adding about \$50,000 annually in state special revenue from laboratory fees
- General fund reductions to maintain the across the board personal services funding reductions enacted by the 2003 Legislature

The public health system improvement and emergency preparedness function is 22 percent of the division budget and includes funding for bioterrorism, emergency preparedness, and health planning functions. The major changes are:

- Increases in emergency preparedness and bioterrorism federal funding, including 3.00 new FTE (\$3 million each year)
- Federal funds to support 2.00 new FTE and operating costs for public health and disease monitoring (\$0.2 million annually, with 25 percent of the amount from the Public Health Block Grant, discussed in more detail in the funding section)

Almost 38 percent of the FY 2004 base budget expenditures supported grants and services (benefits) to individuals, dropping to 32 percent in the FY 2007 budget request. The largest component is the WIC program, with a combined total of \$13 million in grants and benefits. The WIC program provides vouchers for food for low-income children under 5 and nursing mothers.

Family planning grants to local contractors account for the next largest grant source with 20 percent of the total grant funds expended. Family planning funds support local family planning services and cancer screening services, for example, for low-income men and women.

Maternal child health grants to counties and family planning funds are the next most significant with more than \$1 million a piece. Maternal child health services cover a wide range of activities and support public health services for at-risk women and children.

Food and consumer safety pass through funds to local governments to perform licensure inspections account for 8 percent of the total grant funds in FY 2007. Smaller grants fund emergency preparedness and AIDS prevention and treatment.

Recording Grant Funds as Operating Costs in Contracted Services

PHSD records a significant amount of grant funding for local governments and providers as operating costs that support the day-to-day operations of the division. This practice is inconsistent with the way that other divisions record the vast majority of similar expenditures and weakens the policy outcome anticipated by the legislature when it enacted 17-7-304(4), MCA.

LFD ISSUE

Recording Expenditures as Grant or Operating Costs – The 2007 biennium PHSD budget requests nearly \$21 million in operating costs that may be more appropriately recorded as benefits or grants. The \$21 million would support contracts with local governments and providers to deliver services that directly benefit individuals, or to administer services that benefit members of the public. If the base budget expenditures are included, the amount that may be inappropriately recorded as operating costs rises above \$50 million annually. No other division in DPHHS routinely records expenditures that provide either direct or indirect services to individuals as contracted services in support of day-to-day operation of the agency.

PHSD made the determination of where costs should be recorded based on written guidance provided by the Department of Administration. Written guidance explaining the type of costs that should be recorded as contracted services in the operating category of expenditure is very specific, while written guidance as to costs that should be recorded as grants or benefits is vague.

Why Should the Legislature Care How Agencies Record Costs in the Accounting System?

There are several reasons that the legislature may wish to consider whether it is important that costs are recorded consistently and consistent with legislative intent in the state accounting system. Those include:

- Legislative policy outcomes and statutory compliance
- Use of accounting system data to evaluate and analyze state expenditures and establish state appropriations
- Comparisons across DPHHS divisions

Legislative Policy Outcomes/Statutory Compliance

There are several statutes governing how agencies must track and account for expenditures by category of expenditure. The efficacy of these statutes is directly related to how expenditures are recorded in the accounting system compared to how the legislature appropriated the funds by category of expenditure. One of the most important statutes that relies on how expenditures are categorized is 17-7-304(4), MCA, which allows for reappropriation of up to 30 percent of unexpended appropriations in personal services, operating expenses, and equipment. Unexpended grant and benefit appropriations are specifically excluded from reappropriation. The statute states:

After the end of a fiscal year, 30 percent of the money appropriated to an agency for that year by the general appropriations act for personal services, operating expenses, and equipment, by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be spent during the following 2 years for any purpose that is consistent with the goals and objectives of the agency. The dollar amount of the 30 percent amount that may be carried forward and spent must be determined by the office of budget and program planning. An agency, by adhering to another statute (17-7-138, MCA) that allows funds to be reallocated among expenditure categories can move funds appropriated for grants and services to operating costs. Although such movement is allowed, agencies must document and the Legislative Finance Committee must review transfers that result in a significant change. Plus the statute considers such

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movement of funds to potentially reflect a change in scope, objective, or purposes. 17-7-138(4)(b) states:

For the purposes of this subsection (1), an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if: (i) the operating budget change exceeds \$1 million; or (ii) the operating budget change exceeds 25 percent of a budget category and the change is greater than \$25,000. If there have been other changes to the budget category in the current fiscal year, all the changes, including the change under consideration, must be used in determining the 25 percent and \$25,000 threshold.

So agencies that move appropriations from grants or benefits to operating costs, could ostensibly benefit from reappropriation of such authority in later years.

Legislators and program administrators rely on accounting system data to accomplish fiscal and budgetary policies embodied in state statute. Guidance regarding the type of costs that should be included in expenditure categories needs to be clear and applied consistently in order for the legislature to accomplish intended appropriation and policy outcomes.

Use of Accounting Data to Evaluate and Analyze State Expenditures and Establish Appropriations

State accounting system data is the major component of the state budgeting and legislative appropriation processes. The data forms the base budget and the way the data is recorded in the system has meaning for fiscal and appropriation policy analysis as well as program analysis.

The public, including legislators and their staff, use state accounting system data to evaluate state government. Aggregate expenditure data is used to quickly convey the general purpose for which funds are spent. Recording grant expenditures as operating costs:

- Overstates the operating costs of state government
- Understates the amount spent on direct and indirect services to individuals
- Understates the amount passed through as contracts to local entities outside the Helena area

The Difference Between Operating Costs, Benefit Costs and Grant Costs

The choice of recording an expenditure in the accounting system as either a contracted service operating cost or a grant/benefit cost is not as clear cut as it might appear. As noted earlier, state accounting policy does not provide detailed guidance in order to adequately distinguish among these categories of expenditures. Such expenditures have significant commonalities. Expenditures in all three categories are made through contracts with entities. Furthermore, expenditures in all three categories support program objectives and in some instances are critical to the program accomplishing its mission.

The Plain Meaning of Operating Cost, Grant and Benefit

Since the direction provided to state agencies in what constitutes a contracted service operating cost versus a grant is not clear, reviewing the plain meaning of the terms is important.

Operating costs are generally what some persons view as “the bureaucracy” – the staff and funds to support those staff, including such costs as rent, telephone, travel, supplies, and contracts for computer services or legal advice. Those are the costs that must be paid for the “office” to remain open.

Grant costs reflect costs passed through to other entities to perform services that benefit individuals or the public. While some persons may think of a grant as a “gift” of money with no strings attached, those type of government grants are extremely rare. Most grants are governed by contracts and are awarded for specific, if broad purposes. In some instances, such as the pass through of alcohol tax funds to local entities, statute restricts the uses of the grant and DPHHS establishes rigorous reporting of expenditures.

Benefits are those expenditures that directly benefit an individual. Benefits are also provided through contract, with the person or entity providing the service agreeing to certain conditions in order to deliver the service.

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The distinction between contracts that support day-to-day operations rather than contracts that support direct service delivery is important at the federal level too. Some federal grant notices explicitly show the amount allocated to contracts for state agency operations and contracts that support delivery of services.

The Issue as it Applies to PHSD

Examples of PHSD activities recorded as operating costs that more closely fit the grant cost category include:

- Food and consumer pass through funds to local governments to inspect restaurants and other businesses to ensure public health and safety
- Tobacco control and prevention contracts with local entities to help educate persons about tobacco use
- Some AIDS and STD prevention activities that educate persons about diseases and what to do to avoid contracting the disease
- A significant portion of bioterrorism and hospital preparedness funding that pays for training, equipment, and services that benefit local entities that are not administered by nor administrative attached to DPHHS

The benefit cost category usually denotes DPHHS expenditures that directly benefit individuals. For instance, Medicaid services are recorded in the benefit category of expenditure. Examples of PHSD operating cost expenditures that most closely fit the benefit category of expenditure are:

- Components of the MIAMI program that directly assist individuals
- The tobacco quit line
- Contracts for breast and cervical cancer screenings and asbestos screenings that provide direct benefit to individuals
- Immunizations
- Some AIDS program expenditures that fund continuation of health insurance coverage for individuals or help purchase drugs for specific persons

Comparisons Across DPHHS Divisions

Most DPHHS expenditures that provide direct or indirect benefits to individuals are recorded in the state accounting system as grant or benefit costs. Although there may be a rare anomaly, all such expenditures are governed by contracts, including contracts that have specific deliverables, specific performance requirements, and/or expenditure limitations.

It is not easy to make comparisons across divisions within DPHHS due to the difference in the way PHSD enters costs in the accounting system. For instance, it appears that PHSD incurs direct administrative costs of \$70 million to administer grants and benefits of \$33 million – a \$2 investment in staff and operating costs to deliver fewer than \$1 of benefits to individuals and the public. On the other hand, other divisions that record contract costs for services to individuals and the public as grants and benefits appear to have a significantly higher return on investment. This comparison is neither fair to PHSD nor accurate, but could be the natural conclusion drawn unless persons are aware of the inconsistencies.

Options

The legislature has three options it can consider. The options are not mutually exclusive. It can:

- Amend statute to define what is considered a grant expenditure and a benefit expenditure so that 17-7-304, MCA would have the outcomes originally intended by the legislature
- Request that the Department of Administration provide more detailed guidelines for grant and benefit expenditures to distinguish those expenditures from operating costs, and review state agency practices in recording data in the state accounting system to ensure consistency and accuracy
- Request that DPHHS establish department wide guidelines and review division practices in recording data in the state accounting system to ensure consistency and accuracy

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The first option would allow the legislature to establish the types of costs that it considers to be within different types of expenditure categories. Definitions would be appropriate, and would aid in interpretation and implementation of 17-7-304, MCA. LFD staff consulted legislative legal staff in determining that this approach would be appropriate if desired by the legislature. The remaining two options can also be implemented with amendments to statute.

The legislature could forego amending statute and direct the Department of Administration to provide clearer guidance in determination of the difference between contracted services operating costs and grants and benefits, and it could also direct DPHHS to ensure that practices across the agency are consistent and conform to state guidelines.

Lastly, the legislature could direct DPHHS to maintain consistency in categorization of accounting system entries among divisions and forego statewide direction through statute or from Department of Administration.

Biennial Comparison

Figure 35 shows the 2005 biennium compared to the 2007 biennium budget request for PHSD. The 2007 biennium request is 12 percent higher than the 2005 biennium, with increases predominantly in operating costs and federal funding. Personal services funding includes 12.00 new FTE, which is partially offset by a reduction in funding for 0.24 FTE.

Budget Item/Fund	2005 Biennium	2007 Biennium	Percent of Total	Change	Percent Change
FTE	157.03	168.74		11.71	7%
Personal Services	\$14,540,557	\$15,928,612	15%	\$1,388,055	10%
Operating	40,432,725	54,863,015	53%	14,430,290	36%
Equipment	1,659,221	264,698	0%	(1,394,523)	-84%
Grants	17,656,793	14,593,506	14%	(3,063,287)	-17%
Benefits/Claims	18,530,561	18,225,944	18%	(304,617)	-2%
Debt Service	55,468	75,174	0%	19,706	36%
Total Costs	<u>\$92,875,325</u>	<u>\$103,950,949</u>	100%	<u>\$11,075,624</u>	<u>12%</u>
General Fund	\$3,759,373	\$4,218,323	4%	\$458,950	12%
State Special	11,844,426	12,953,727	12%	1,109,301	9%
Federal Funds	<u>77,271,526</u>	<u>86,778,899</u>	83%	<u>9,507,373</u>	<u>12%</u>
Total Funds	<u>\$92,875,325</u>	<u>\$103,950,949</u>	100%	<u>\$11,075,624</u>	<u>12%</u>

Operating costs show the largest growth due to federal categorical grant increases for bioterrorism, public health activities, and the WIC program. However, some increases are recorded as operating costs and should more properly be categorized as grants and benefits since the funds will be contracted to or passed through to other entities, such as local health departments, to fund services that provide direct or indirect benefits to individual Montanans. As noted earlier, the executive budget request includes \$20 million to fund benefits and services to individuals and records the costs as activities related to the day-to-day operation of state government.

Federal funds support 83 percent of the 2007 biennium request, rising \$10 million compared to the 2005 biennium. State special revenue supports 12 percent of the 2007 biennium request. General fund, although comprising a relatively small share of funding (4 percent), increases by 12 percent between biennia.

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommend by the Governor.

Program Funding Table Public Health & Safety Div.						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 1,852,039	4.3%	\$ 2,110,886	4.0%	\$ 2,107,437	4.1%
02199 Dhes Food & Consumer	10,931	0.0%	10,931	0.0%	10,931	0.0%
02366 Public Health Laboratory	2,000,079	4.7%	2,327,173	4.4%	2,326,886	4.5%
02379 02 Indirect Activity Prog 07	102,766	0.2%	143,532	0.3%	143,884	0.3%
02462 Food/Lodging License	688,281	1.6%	982,673	1.9%	984,680	1.9%
02544 6901-Welch'S Cost Relief Gran	4,095	0.0%	4,095	0.0%	4,095	0.0%
02698 69010-Prevention&Stabilization	-	-	1,261,908	2.4%	-	-
02790 6901-Statewide Tobacco Sttlmnt	2,514,645	5.9%	2,330,653	4.4%	2,330,654	4.5%
03004 Ems Data Injury	145,249	0.3%	92,113	0.2%	93,305	0.2%
03020 Ph Workforce Development	48,541	0.1%	48,541	0.1%	48,541	0.1%
03023 Pregnancy Risk Assessment	38,122	0.1%	38,122	0.1%	38,122	0.1%
03026 Family Planning Title X	1,872,039	4.4%	1,864,153	3.5%	1,863,899	3.6%
03027 Wic (Women,Infants & Children)	13,371,912	31.1%	14,001,311	26.6%	14,001,918	27.3%
03030 Health Prevention & Services	678,513	1.6%	911,664	1.7%	909,896	1.8%
03031 Maternal & Child Health	1,577,445	3.7%	1,696,944	3.2%	1,696,866	3.3%
03057 Newborn Hearing Screening	76,268	0.2%	76,268	0.1%	76,268	0.1%
03074 Obesity Prevention	201,351	0.5%	511,819	1.0%	511,805	1.0%
03159 Tuberculosis Grant	210,456	0.5%	305,778	0.6%	305,626	0.6%
03239 Chronic Disease Fed Cat#13-283	10,749	0.0%	10,749	0.0%	10,749	0.0%
03258 Diabetes Control	604,272	1.4%	730,901	1.4%	729,767	1.4%
03273 Primary Care Services	98,019	0.2%	95,234	0.2%	95,240	0.2%
03274 Ryan White Act, Title Ii	768,911	1.8%	939,911	1.8%	939,911	1.8%
03336 Food Inspection Program	27,829	0.1%	27,829	0.1%	27,829	0.1%
03357 Healthy Child	44,517	0.1%	44,517	0.1%	44,517	0.1%
03362 Data Integration	36,709	0.1%	36,709	0.1%	36,709	0.1%
03368 Trauma System Development	49,197	0.1%	49,197	0.1%	49,197	0.1%
03370 Epi & Lab Surveillance E. Coli	319,534	0.7%	654,969	1.2%	654,794	1.3%
03383 Search Grant	169,136	0.4%	169,219	0.3%	169,136	0.3%
03429 Birth Defects Surveillance	160,674	0.4%	163,963	0.3%	163,835	0.3%
03448 6901-Early Childhood Comp Sys	-	-	100,000	0.2%	100,000	0.2%
03451 69010-Cdp For Brfs	197,281	0.5%	240,933	0.5%	240,906	0.5%
03461 6901- Childrens Oral Hlth Care	25,669	0.1%	25,669	0.0%	25,669	0.0%
03596 03 Indirect Activity Prog 07	393,319	0.9%	436,893	0.8%	436,747	0.9%
03681 6901-Mt Fd Safe Adv Cncl93.103	945	0.0%	945	0.0%	945	0.0%
03683 6901-Biomonitoring	68,371	0.2%	270,156	0.5%	270,275	0.5%
03686 6901-Adult Lead	1,716	0.0%	26,716	0.1%	26,716	0.1%
03689 6901-Bioter Hosp Preparedness	1,104,043	2.6%	2,370,271	4.5%	2,370,015	4.6%
03690 6901-Rape Prev & Educ 93.126	116,547	0.3%	177,049	0.3%	177,048	0.3%
03697 6901-Cardiovascular Hlth Prgm	365,037	0.8%	1,020,387	1.9%	1,020,364	2.0%
03698 6901-Ems Prev Fire Related Inj	49,630	0.1%	194,630	0.4%	194,630	0.4%
03706 6901-Environmentl Hlth Trackng	467,841	1.1%	505,545	1.0%	504,931	1.0%
03708 6901-Libby Asbestos Screening	518,999	1.2%	566,000	1.1%	565,588	1.1%
03709 6901-Rural Access Emerg Device	-	-	275,000	0.5%	275,000	0.5%
03711 6901-Breast & Cervical Cancer	1,805,533	4.2%	2,147,978	4.1%	2,147,951	4.2%
03712 6901-Cancer Registries 93.283	184,663	0.4%	217,961	0.4%	217,594	0.4%
03713 6901-Wic Farmer Market 10.572	33,462	0.1%	33,462	0.1%	33,462	0.1%
03788 Montana Disability And Health Progr	-	-	450,000	0.9%	450,000	0.9%
03789 Hrsa Ems Rural Health Grant	-	-	4,209	0.0%	4,283	0.0%
03822 Tobacco Control	831,780	1.9%	1,316,063	2.5%	1,315,511	2.6%
03929 Seroprevalence/Surveillance	59,380	0.1%	59,380	0.1%	59,380	0.1%
03936 Vaccination Program	929,724	2.2%	982,003	1.9%	982,741	1.9%
03937 Std Program	278,347	0.6%	325,335	0.6%	325,248	0.6%
03938 Aids Fed. Cat. #13.118	1,349,014	3.1%	1,364,040	2.6%	1,363,804	2.7%
03959 Bioterrorism	6,221,919	14.5%	7,428,587	14.1%	7,426,496	14.5%
03979 Comprehensive Cancer Control	-	-	150,000	0.3%	150,000	0.3%
03998 Fetal Alcohol Syndrome	279,087	0.6%	279,087	0.5%	279,087	0.5%
Grand Total	<u>42,964,586</u>	<u>100.0%</u>	<u>52,610,061</u>	<u>100.0%</u>	<u>51,340,888</u>	<u>100.0%</u>

PHSD is funded by a combination of general fund, state special revenue and federal funds. General fund supports about 4 percent of the budget, and federal funds rise from 83 to 85 percent of division funding from the FY 2004 base through FY 2007. State special revenue is between 12 to 13 percent of total funding over the time periods shown in the funding table.

General fund supports a share of the state match requirement for the Maternal and Child Health (MCH) block grant through the genetics contract (\$600,000 annually), some public health laboratory, tumor registry, communicable disease, tobacco control and prevention, and division administration functions; and the End State Renal Program (about \$92,000 annually with authorization in 50-44-102, MCA).

State special revenue remains relatively constant at 12 percent of the FY 2004 base budget through FY 2007. Major state special revenue sources include:

- Tobacco settlement funds
- Payments for public and environmental laboratory services
- Fees paid to license restaurants and lodging facilities

There are 50 federal funding sources listed in the division funding table, including 2 federal block grants and more than 30 federal categorical grants that have explicit programmatic and expenditure requirements. Usually, the purpose of the grant can be deduced from its name. For instance, a grant for diabetes control must be spent on activities to educate persons about diabetes, and prevent and control of diabetes.

The single largest federal grant funds the WIC (Women, Infant and Children) feeding program, which accounts for 31 percent (\$13 million) of FY 2004 base budget funding and declines slightly to 27 percent of the FY 2007 request, even though the total WIC request rises to \$14 million. Federal funds supporting activities designed to help respond to or prevent bioterrorism events are the next most significant federal source, accounting for 14 percent of budgeted funds and rising from \$6 to \$7 million in FY 2007. Other federal funding sources that provide in excess of 3 percent of PHSD funding, listed in descending order, are:

- 1) Family planning Title X funds that provide 5 percent (\$2.5 to \$2.4 million) of division funding and support reproductive health services for low-income persons;
- 2) Breast and cervical cancer funding that provides 4 percent (\$1.8 to \$2.1 million) of total PHSD funding and supports cancer screenings for persons with incomes below 200 percent of the federal poverty level (see DPHHS over view for poverty level table); and
- 3) AIDS funding that provides 3 percent (\$1.3 to \$1.4 million) of total division funding and supports services to prevent AIDS as well as assist persons in obtaining treatment.

Two federal block grants account for about 5 percent of the PHSD 2007 biennium budget request – the Maternal Child Health (MCH) Block Grant (\$1.7 million annually) and Preventive Health Block Grant (\$0.9 million annually). These block grants support a variety of PHSD functions and both are allocated in consultation with division advisory councils. Usually the allocation is different than anticipated in the budget request and, absent specific legislative restrictions, different than the legislative appropriation.

Federal regulations governing MCH specify that: 1) not more than 10 percent of the grant may be used for administering the program; 2) at least 30 percent must be used for preventive and primary services for children; and 3) at least 30 percent must be used for children with special needs. The state must conduct a comprehensive statewide assessment of MCH needs every 5 years. The MCH grant requires that every \$4 of block grant funds must be matched with \$3 dollars of state or local funds. Entities that receive allocations from the MCH grant provide the required match. The state must maintain the level of state funding provided for MCH programs in fiscal 1989 - \$485,480. The state maintenance of effort is met through expenditures for the MIAMI program (\$0.5 million state special revenue from the PSA in each year of the biennium) and a contract for genetics counseling and testing (\$0.5 million general fund annually).

A significant share of the MCH supports contracts with counties (\$1 million annually during the 2007 biennium) to provide the preventive and primary services for children required in federal guidelines. The match for the grant comes from local expenditures reported to PHSD. A portion (30 percent - \$0.9 million annually in the 2007 biennium) of the MCH is budgeted in the Health Resources Division (HRD) to provide services for children with special needs.

LFD COMMENT

Significant Personal Services Adjustments - Personal services statewide present law adjustments are significant for this division overall and as several of the functions within the division. One major contributor is vacancy savings. The division routinely holds about 17 positions open to generate the level of budgeted vacancy savings. Additionally, the laboratory function moved to pay plan 20 (broad banding, which provides more flexibility to managers to adjust salaries) in order to help recruit and retain skilled employees, which increased pay levels. Some personal services adjustments within each function grow due to transfer of FTE from other functions. The communicable disease function shows a negative adjustment for personal services because of such a transfer.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions. Each of the present law adjustments will be discussed by division function.

Present Law Adjustments										
Fiscal 2006					Fiscal 2007					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,037,641						1,033,958
Vacancy Savings				(311,394)						(311,250)
Inflation/Deflation				(4,671)						(4,485)
Fixed Costs				23,672						27,751
Total Statewide Present Law Adjustments				\$745,248						\$745,974
DP 96 - Increase Funding for Local Board Inspection Funds	0.00	0	159,000	0	159,000	0.00	0	159,000	0	159,000
DP 102 - Additional Authority for Lab Supplies	0.00	0	72,000	0	72,000	0.00	0	72,000	0	72,000
DP 124 - Fully Implement Emergency Preparedness	0.00	0	0	1,026,038	1,026,038	0.00	0	0	1,022,238	1,022,238
DP 128 - Fully Implement Hospital Emergency Preparedness	0.00	0	0	1,166,050	1,166,050	0.00	0	0	1,165,852	1,165,852
DP 129 - Expanded West Nile Activities	0.00	0	0	445,000	445,000	0.00	0	0	445,000	445,000
DP 130 - Increase Funding for Breast & Cervical Cancer	0.00	0	0	300,000	300,000	0.00	0	0	300,000	300,000
DP 131 - Increase Funding for Obesity Prevention Grant	0.00	0	0	274,971	274,971	0.00	0	0	274,971	274,971
DP 133 - Increase Funding for Biomonitoring	0.00	0	0	175,000	175,000	0.00	0	0	175,000	175,000
DP 134 - Increase Funding for Ryan White AIDS Grant	0.00	0	0	168,000	168,000	0.00	0	0	168,000	168,000
DP 136 - Increase Funding for Tuberculosis Grant	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 137 - Increase Funding for Immunization Grant	0.00	0	0	78,000	78,000	0.00	0	0	78,000	78,000
DP 138 - Increase Funding for Rape Prev & Sexual Assault	0.00	0	0	61,000	61,000	0.00	0	0	61,000	61,000
DP 139 - Increase Funding for STD Prevention	0.00	0	0	44,000	44,000	0.00	0	0	44,000	44,000
DP 140 - Increase Funding for Health Trend Monitoring	0.00	0	0	35,000	35,000	0.00	0	0	35,000	35,000
DP 141 - Increase Funding for Diabetes Control Program	0.00	0	0	18,000	18,000	0.00	0	0	18,000	18,000
DP 169 - Montana Cardiovascular Health Program	0.00	0	0	591,000	591,000	0.00	0	0	591,000	591,000
DP 170 - MT Tobacco Use Prevention Quit Line	0.00	0	0	356,024	356,024	0.00	0	0	356,024	356,024
DP 171 - MT Tobacco Use Prevention Base Funding	0.00	0	0	30,715	30,715	0.00	0	0	30,715	30,715
DP 176 - Increase Funding - Preventative Health Block Grant	0.00	0	0	167,000	167,000	0.00	0	0	167,000	167,000
DP 185 - Increase Funding for Women, Infants & Children	0.00	0	0	632,000	632,000	0.00	0	0	632,000	632,000
DP 9999 - Statewide FTE Reduction	(0.24)	(12,675)	0	0	(12,675)	(0.29)	(15,271)	0	0	(15,271)
Total Other Present Law Adjustments	(0.24)	(\$12,675)	\$231,000	\$5,667,798	\$5,886,123	(0.29)	(\$15,271)	\$231,000	\$5,663,800	\$5,879,529
Grand Total All Present Law Adjustments					\$6,631,371					\$6,625,503

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Continuation of PSA for MIAMI (Requires Legislation)										
07	0.00	0	1,100,000	0	1,100,000	0.00	0	0	0	0
DP 11 - Continuation of PSA for AIDS Prevention (Requires Legislation)										
07	0.00	0	84,000	0	84,000	0.00	0	0	0	0
DP 12 - Continuation of PSA for Poison Control (Requires Legislation)										
07	0.00	0	77,908	0	77,908	0.00	0	0	0	0
DP 101 - Prior Year Authority- Local Board Inspection Funds										
07	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 111 - MT Tobacco Use Prevention Fund Switch & Reduction (Requires Legislation)										
07	2.00	183,992	(183,992)	83,646	83,646	2.00	183,991	(183,991)	83,412	83,412
DP 117 - Clinical Laboratory Specialist										
07	1.00	0	45,880	0	45,880	1.00	0	45,752	0	45,752
DP 155 - Rural Access to Emergency Devices Grant										
07	0.00	0	0	275,000	275,000	0.00	0	0	275,000	275,000
DP 156 - Comprehensive Cancer Control Program										
07	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000
DP 158 - Smoke Detector & Fall Prevention Grant										
07	0.00	0	0	145,000	145,000	0.00	0	0	145,000	145,000
DP 159 - Statewide Emergency Preparedness Staff										
07	3.00	0	0	135,818	135,818	3.00	0	0	135,440	135,440
DP 160 - Early Childhood Comprehensive System Grant										
07	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 161 - Libby Asbestos Program Staffing										
07	2.00	0	0	74,997	74,997	2.00	0	0	74,794	74,794
DP 163 - Public Health Planner										
07	1.00	0	0	43,580	43,580	1.00	0	0	43,461	43,461
DP 164 - Communicable Disease Monitoring Staffing										
07	1.00	0	0	40,207	40,207	1.00	0	0	40,098	40,098
DP 165 - Environmental Public Health Tracking Staff										
07	1.00	0	0	37,188	37,188	1.00	0	0	37,090	37,090
DP 166 - Adult Lead Reporting										
07	0.00	0	0	25,000	25,000	0.00	0	0	25,000	25,000
DP 172 - Increase Funding for MT Disability & Health Prog										
07	0.00	0	0	450,000	450,000	0.00	0	0	450,000	450,000
DP 187 - Environmental Laboratory Chemist										
07	1.00	0	0	45,880	45,880	1.00	0	0	45,752	45,752
Total	12.00	\$183,992	\$1,223,796	\$1,606,316	\$3,014,104	12.00	\$183,991	(\$38,239)	\$1,605,047	\$1,750,799

Division Administration Proposed Budget

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	11.00	0.00	2.00	13.00	0.00	2.00	13.00	13.00
Personal Services	576,831	82,211	74,997	734,039	82,397	74,794	734,022	1,468,061
Operating Expenses	573,814	(4,381)	0	569,433	(4,377)	0	569,437	1,138,870
Equipment	7,131	0	0	7,131	0	0	7,131	14,262
Total Costs	\$1,157,776	\$77,830	\$74,997	\$1,310,603	\$78,020	\$74,794	\$1,310,590	\$2,621,193
General Fund	142,692	21,486	0	164,178	21,679	0	164,371	328,549
State/Other Special	102,766	40,766	0	143,532	41,118	0	143,884	287,416
Federal Special	912,318	15,578	74,997	1,002,893	15,223	74,794	1,002,335	2,005,228
Total Funds	\$1,157,776	\$77,830	\$74,997	\$1,310,603	\$78,020	\$74,794	\$1,310,590	\$2,621,193

The division administration function increases about \$150,000 a year over the FY 2004 base budget. About half of the increase is due to federal funding for 2.00 new FTE for the Libby asbestos screening project.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				109,671					109,865
Vacancy Savings				(27,460)					(27,468)
Inflation/Deflation				(352)					(348)
Fixed Costs				(4,029)					(4,029)
Total Statewide Present Law Adjustments				\$77,830					\$78,020
Grand Total All Present Law Adjustments				\$77,830					\$78,020

Statewide present law adjustments add about \$78,000 a year to the division administration function. The adjustments are cost allocated among functions managed by PHSD. Statewide present law adjustments add about \$22,000 general fund, \$41,000 state special revenue and \$16,000 federal funds to the annual 2007 biennium budget request.

The statewide present law adjustment for personal services shows a significant increase due to moving 2.00 FTE to the function during the 2005 biennium and due to vacancy savings.

**LFD
ISSUE**

Cost Allocation Mix – The division administration function is funded differently in the 2007 biennium than in the FY 2004 base budget. Despite the significant increase expected in federal funds, general fund rises from 22 percent of base budget funding to 28 percent (after removing 100 percent federally funded functions). The legislature could consider funding the statewide present law adjustments at the same funding mix as FY 2004, and reduce general fund by \$8,351 and state special revenue by \$56,811. Federal funds would increase \$56,162. Legislative staff have requested information documenting that the increased federal funding requested in the 2007 biennium would not be available to lower the general fund contribution beyond these amounts.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 161 - Libby Asbestos Program Staffing 01	2.00	0	0	74,997	74,997	2.00	0	0	74,794	74,794
Total	2.00	\$0	\$0	\$74,997	\$74,997	2.00	\$0	\$0	\$74,794	\$74,794

DP 161 - Libby Asbestos Program Staffing - This request for \$74,830 federal revenue each year of the biennium funds 2.00 FTE, one program manager and one administrative assistant, for the asbestos program in Libby, Montana. Both positions are currently filled and this request makes funding for the positions permanent.

The program manager is a registered nurse who supervises the day-to-day activities of the field office and three employees. This individual interacts with patients being screened for asbestos related disease, assists in the pulmonary screening of patients, explains screening results to patients, and assure that they are referred as appropriate for their medical condition.

The administrative assistant helps in the determination of an individual's eligibility to participate in medical screening for asbestos related diseases, and conducts a confidential, in-depth, computer assisted, epidemiologic interview. This individual also assists in educating participants and scheduling other medical screening activities for them.

Chronic Disease Prevention & Health Promotion Proposed Budget

The following table summarizes the executive budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	33.27	0.00	2.00	35.27	0.00	2.00	35.27	35.27
Personal Services	1,231,418	254,713	83,646	1,569,777	253,098	83,412	1,567,928	3,137,705
Operating Expenses	6,244,479	1,582,261	1,097,908	8,924,648	1,582,399	1,020,000	8,846,878	17,771,526
Grants	61	0	0	61	0	0	61	122
Total Costs	\$7,475,958	\$1,836,974	\$1,181,554	\$10,494,486	\$1,835,497	\$1,103,412	\$10,414,867	\$20,909,353
General Fund	507,781	12,954	183,992	704,727	12,253	183,991	704,025	1,408,752
State/Other Special	2,514,645	0	(106,084)	2,408,561	0	(183,991)	2,330,654	4,739,215
Federal Special	4,453,532	1,824,020	1,103,646	7,381,198	1,823,244	1,103,412	7,380,188	14,761,386
Total Funds	\$7,475,958	\$1,836,974	\$1,181,554	\$10,494,486	\$1,835,497	\$1,103,412	\$10,414,867	\$20,909,353

The executive budget request for the chronic disease prevention and health promotion function increases about \$3 million per year over base budget expenditures, with almost all of the increase in federal grant funding. General fund increases about \$0.2 million per year and state special revenue decreases about \$0.3 million over the biennium.

The executive request includes a funding shift from tobacco settlement state special revenue to general fund for the tobacco control and prevention function.

Federal funds increase nearly \$3 million per year with the vast majority of increases in categorical grants for diabetes control, obesity prevention, cardiovascular health, breast and cervical cancer screening, smoke detector installation, fall prevention, and smoking cessation activities.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				316,633					314,951
Vacancy Savings				(61,920)					(61,853)
Inflation/Deflation				(1,658)					(1,594)
Fixed Costs				13,209					13,283
Total Statewide Present Law Adjustments				\$266,264					\$264,787
DP 130 - Increase Funding for Breast & Cervical Cancer	0.00	0	0	300,000	0.00	0	0	0	300,000
DP 131 - Increase Funding for Obesity Prevention Grant	0.00	0	0	274,971	0.00	0	0	0	274,971
DP 141 - Increase Funding for Diabetes Control Program	0.00	0	0	18,000	0.00	0	0	0	18,000
DP 169 - Montana Cardiovascular Health Program	0.00	0	0	591,000	0.00	0	0	0	591,000
DP 170 - MT Tobacco Use Prevention Quit Line	0.00	0	0	356,024	0.00	0	0	0	356,024
DP 171 - MT Tobacco Use Prevention Base Funding	0.00	0	0	30,715	0.00	0	0	0	30,715
Total Other Present Law Adjustments	0.00	\$0	\$0	\$1,570,710	0.00	\$0	\$0	\$1,570,710	\$1,570,710
Grand Total All Present Law Adjustments				\$1,836,974					\$1,835,497

DP 130 - Increase Funding for Breast & Cervical Cancer - This request adds \$0.3 million in federal funds each year of the biennium for the Montana Breast and Cervical Health Program. Base expenditures for this program were \$1.8 million.

The 2007 biennium request would support performance based contracts and provider reimbursement for breast and cervical cancer screening for 3,000 women. The additional \$300,000 would fund local screening of at least 600 additional women each year, and would reimburse medical service providers for additional clinical screening services, including provider recruitment activities.

DP 131 - Increase Funding for CDC Obesity Prevention Grant – This proposal adds an additional \$274,971 in federal grant funds each year of the biennium for obesity prevention activities, more than doubling adjusted base budget expenditures of about \$237,000. The additional funds would be used to fund interventions within Montana communities, work sites, and schools to promote healthy nutrition and regular physical activity. Currently, PHSD funds three community pilot projects to implement community and school-based interventions. The additional funds would be used to expand services to more Montana communities and schools during the biennium.

DP 141 - Increase Funding for Diabetes Control Program - This request adds \$18,000 in federal funds each year of the biennium for the Diabetes Control Program. Adjusted base budget expenditures were \$712,000. The Diabetes Control Program collaborates with primary care providers and diabetes educators across the state to improve diabetes care, and to increase access to quality diabetes education. The additional funds would be used to support the existing primary care practices in the quality improvement network and to work with new primary care practices over the biennium.

DP 169 - Montana Cardiovascular Health Program - This request adds \$591,000 each year of the biennium for federal spending authority for the Montana Cardiovascular Health Program. Adjusted present law base year expenditures were \$429,000. Increased funding would enhance program efforts statewide targeting improved care for Montanans with heart disease, stroke, hypertension, and high cholesterol.

DP 170 - MT Tobacco Use Prevention Quit Line - This request for \$356,024 federal authority each year of the biennium would fund increased access to the tobacco use cessation toll free quit line doubling what was in the FY 2004 base budget. In the first six months of operation, the quit line provided services to over 1,700 Montanans. The increased funding would allow an additional 2,000 Montanans per year to access the quit line.

DP 171 - MT Tobacco Use Prevention Base Funding - This request adds \$30,715 federal authority each year of the biennium for the Montana Tobacco Use Prevention Program. Together with base budget expenditures, this increase would bring the annual grant amount to \$875,000 in federal spending authority. The additional funds would be used for training for local community contractors. Local contractors are working on activities in four areas: 1) preventing the initiation of tobacco use in young people through schools and community events; 2) eliminating exposure to second hand smoke in workplaces and businesses; 3) eliminating the disparities related to tobacco use in American Indian and rural communities; and 4) promoting youth and adult cessation.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 12 - Continuation of PSA for Poison Control (Requires Legislation)										
03	0.00	0	77,908	0	77,908	0.00	0	0	0	0
DP 111 - MT Tobacco Use Prevention Fund Switch & Reduction (Requires Legislation)										
03	2.00	183,992	(183,992)	83,646	83,646	2.00	183,991	(183,991)	83,412	83,412
DP 155 - Rural Access to Emergency Devices Grant										
03	0.00	0	0	275,000	275,000	0.00	0	0	275,000	275,000
DP 156 - Comprehensive Cancer Control Program										
03	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000
DP 158 - Smoke Detector & Fall Prevention Grant										
03	0.00	0	0	145,000	145,000	0.00	0	0	145,000	145,000
DP 172 - Increase Funding for MT Disability & Health Prog										
03	0.00	0	0	450,000	450,000	0.00	0	0	450,000	450,000
Total	2.00	\$183,992	(\$106,084)	\$1,103,646	\$1,181,554	2.00	\$183,991	(\$183,991)	\$1,103,412	\$1,103,412

DP 12 - Continuation of PSA for Poison Control (Requires Legislation) - This proposal adds \$77,908 in tobacco settlement state special revenue to continue the biennial appropriation for the poison control hotline. The 2003 Legislature authorized a temporary diversion of tobacco settlement revenue from the tobacco control and prevention program to continue the program during the 2005 biennium. DPHHS has requested legislation to implement this request.

The Montana poison control system provides assistance to over 11,000 Montana callers per year. Montana contracts with the Rocky Mountain Poison and Drug Center in Denver to provide expert poison information and management services to Montana citizens and visitors, and to provide clinical toxicological services to Montana's health care professionals. DPHHS provides a toll-free telephone line for citizen access, widely advertises the number, and provides poison information and prevention materials to Montana citizens.

DP 111 - MT Tobacco Use Prevention Fund Switch & Reduction (Requires Legislation) - This decision package reduces tobacco settlement state special revenue by \$183,992 each year of the 2007 biennium. The reduction is offset by an infusion of \$183,992 general fund each year and a federal grant increase that supports 2.00 new FTE. The Montana Tobacco Use Prevention Program (MTUPP) funds: 28 community-based contractors, 29 counties, the 8 Montana recognized tribes, and the 5 urban Indian centers. These community programs design and implement evidence-based interventions based on best practices and reach about 85 percent of Montana's population. Additional services provided include operation and promotion of the Montana tobacco quit line, training and technical assistance to community level contractors and other interested parties on tobacco related issues, surveillance and evaluation, and an education and awareness campaign.

**LFD
COMMENT**

Use of Tobacco Settlement Proceeds – Montana voters have twice enacted initiatives governing expenditure of tobacco settlement lawsuit funds (see DPHHS overview for a more detailed discussion of this issue). The most recent initiative passed November 2002 required that 32 percent of the tobacco settlement proceeds be deposited in a state special revenue account and used for tobacco control and prevention. The 2003 Legislature temporarily diverted a portion of the 32 percent allocation for tobacco prevention and control to continue other programs slated for reduction in the 2005 biennium executive budget request.

The 2007 biennium executive request continues to fully fund programs authorized by the one-time diversion of tobacco settlement proceeds. Since tobacco settlement revenues are declining due to the number of cigarettes shipped (one of the variables in determining payments under the master settlement agreement) and potentially due to the settling parties loss of market share, there is insufficient revenue to fund increased operating costs of the Montana Tobacco Use Prevention Program and the other requests in the executive budget. The executive request offsets part of the tobacco settlement revenue reduction by allocating general fund to the program.

DP 155 - Rural Access to Emergency Devices Grant - This request adds \$275,000 federal revenue each year of the biennium for the Health Resources and Services Administration Automatic External Defibrillator grant. This request continues a three-year grant for rural access to emergency devices, designed to achieve improved outcomes from cardiac arrests by providing education and automated external defibrillators to emergency medical services personnel in rural areas of Montana. This grant will continue through July of 2006.

**LFD
COMMENT**

Grant Expenditures Recorded as Operating Costs – This request is an example of a cost that would be most appropriately recorded as grant expenditure in the accounting system since the funds provide direct benefits to Montanans. The request does not fund day-to-day operating costs of the PHSD. This example illustrates the issue previously raised with respect to recording expenditures appropriately in the state accounting system.

DP 156 - Comprehensive Cancer Control Program - This proposal requests \$150,000 federal authority each year of the biennium for the Comprehensive Cancer Control (CCC) Program. The funds would support activities and the process to complete a written Montana CCC Plan. This effort will be coordinated through DPHHS and will be used to support a statewide stakeholder group and small workgroups. The ultimate goal of this effort is to increase cancer awareness and preventive screening among Montanans.

DP 158 - Smoke Detector & Fall Prevention Grant - This request adds \$145,000 federal funding each year of the biennium for a federal smoke detector and fall prevention grant. This funding would continue the second year of a three-year funding cycle. Funds would be spent in collaboration with several fire departments around the state to target residential occupancies for long-life smoke alarm installation and home fire and injury prevention education.

**LFD
COMMENT**

Example of Grant Expenditures – This request is budgeted as day-to-day operating costs in the executive request. However, since the expenditures support direct services to individuals (installation of smoke alarms) and public education by entities other than PHSD staff, the expenditures would be more appropriately recorded in grant expenditures.

DP 172 - Increase Funding for MT Disability & Health Prog - This request for \$450,000 federal funds each year of the biennium, would be used to coordinate and provide service to prevent secondary conditions and improve the health of Montanans with disabilities. Secondary conditions are health conditions that are acquired after the onset of a primary disability. Examples of common secondary conditions in adults with developmental disabilities include weight problems, dental problems, and bladder dysfunction. This grant is expected to continue for five years.

Family & Community Health Proposed Budget

The following table summarizes the executive budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	29.25	0.00	0.00	29.25	0.00	0.00	29.25	29.25
Personal Services	1,279,659	128,239	0	1,407,898	128,507	0	1,408,166	2,816,064
Operating Expenses	2,001,106	(7,274)	1,200,000	3,193,832	(7,252)	100,000	2,093,854	5,287,686
Grants	5,878,840	632,000	0	6,510,840	632,000	0	6,510,840	13,021,680
Benefits & Claims	9,112,972	0	0	9,112,972	0	0	9,112,972	18,225,944
Total Costs	\$18,272,577	\$752,965	\$1,200,000	\$20,225,542	\$753,255	\$100,000	\$19,125,832	\$39,351,374
General Fund	576,695	8,664	0	585,359	8,807	0	585,502	1,170,861
State/Other Special	4,095	0	1,100,000	1,104,095	0	0	4,095	1,108,190
Federal Special	17,691,787	744,301	100,000	18,536,088	744,448	100,000	18,536,235	37,072,323
Total Funds	\$18,272,577	\$752,965	\$1,200,000	\$20,225,542	\$753,255	\$100,000	\$19,125,832	\$39,351,374

The executive budget for the family and community health function increases about \$3 million over the 2007 biennium compared to base budget expenditures. Federal funds support about \$2 million of the increase and tobacco settlement state special revenue funds to continue the MIAMI programs add \$1 million in FY 2006. General fund increases are negligible and due to state wide present law adjustments.

The most significant changes in federal funds support increases in the WIC program (\$0.6 million per year), and a federal grant to continue work on the early childhood systems of care project (\$0.6 million per year).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2006-----						-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					186,899					187,181	
Vacancy Savings					(58,660)					(58,674)	
Inflation/Deflation					(604)					(582)	
Fixed Costs					(6,670)					(6,670)	
Total Statewide Present Law Adjustments					\$120,965						\$121,255
DP 185 - Increase Funding for Women, Infants & Children											
	0.00	0	0	632,000	632,000	0.00	0	0	632,000	632,000	
Total Other Present Law Adjustments											
	0.00	\$0	\$0	\$632,000	\$632,000	0.00	\$0	\$0	\$632,000	\$632,000	
Grand Total All Present Law Adjustments					\$752,965						\$753,255

DP 185 - Increase Funding for Women, Infants & Children - This request adds \$0.6 million each year of the biennium for federal funding for the WIC grant. The WIC grant is projected to be \$14 million for each year of the biennium. Base year funding was \$13 million. Figure 36 shows the number of persons served by the WIC program and the average cost per person served for FY 2004 through FY 2007, with the last three years data being estimates.

**LFD
ISSUE**

Additional WIC Services – The executive budget has not requested the full amount of WIC grant funding that is anticipated to be available during the 2007 biennium. The legislature could appropriate the full amount and request that DPHHS expand services to the maximum amount possible.

Figure 36

**WIC Program Historic and Estimated
Persons Served, Net Cost, and Average Cost**

Fiscal Year/ Excess Grant	Food Cost	Cost per Client	Persons Served	Percent Change
2002	\$9,492,492	\$449.43	21,121	
2003	9,077,270	425.52	21,332	1%
2004	9,663,841	448.54	21,545	1%
2005*	9,663,841	444.11	21,760	1%
2006*	9,663,841	446.57	21,640	-1%
2007*	9,663,841	444.36	21,748	0%

Additional Grant Amount Anticipated for 2007 Biennium

2006*	\$169,457	\$446.57	379
2007*	168,850	444.36	380

*FY 2005 through FY 2006 data is based on HPSD estimates.

New Proposals

Fiscal 2006						Fiscal 2007				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Continuation of PSA for MIAMI (Requires Legislation)										
04	0.00	0	1,100,000	0	1,100,000	0.00	0	0	0	0
DP 160 - Early Childhood Comprehensive System Grant										
04	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
Total	0.00	\$0	\$1,100,000	\$100,000	\$1,200,000	0.00	\$0	\$0	\$100,000	\$100,000

DP 7 - Continuation of PSA for MIAMI (Requires Legislation) - This request for \$1.1 million in tobacco settlement state special revenue would continue the MIAMI program. MIAMI, begun in the late 1980s, provides home visiting services to 1,300 women and their families each year. Services include care coordination, education, monitoring, and assisting families to improve pregnancy outcomes and decrease infant mortality in the population.

The 2003 Legislature created the prevention and stabilization account (PSA) and transferred funding to the account in SB 485 (17-6-606(3), MCA). The majority of the funding came from a temporary division of \$12 million of state special revenue tobacco settlement funds that were initially allocated to tobacco control and prevention. This request would continue the MIAMI program at the level funded in SB 485. These services are scheduled to terminate on June 30, 2005 due to one time funding in SB 485.

**LFD
COMMENT**

Tobacco Settlement Funds and Statutory Requirement for MIAMI - Tobacco settlement funds and the PSA are discussed in greater detail in the DPHHS overview. If the legislature does not provide funding to continue the MIAMI program, it might wish to consider removing the requirement for MIAMI from statute – (50-19-301 through 50-19-323, MCA).

DP 160 - Early Childhood Comprehensive System Grant - This request adds \$100,000 federal funds each year of the biennium for the Early Childhood Comprehensive System Grant. This grant supports states in collaborative early childhood system development, with the ultimate goal of supporting families and children who are healthy and ready to learn at school entry. This grant would allow the department to design a plan for an Early Childhood Comprehensive System in Montana.

Federal agencies determined that multiple funding mechanisms aimed at specific populations (Head Start), services (mental health services and HCC grants), or programs were not being linked at state or local levels, creating lack of cohesiveness, and potentially ineffective strategies for supporting young children and families. There are five specific

areas of focus that states are to target in their plan development:

- Medical homes
- Mental health and social emotional development
- Early care and education
- Parent education
- Family support

**LFD
ISSUE**

DPHHS Integration of the Early Childhood Comprehensive System and Children's System of Care – DPHHS has received two federal grants from different federal funding sources that allow the department to plan for children's systems of care in collaboration and cooperation with a large number of stakeholders. In many instances these grants will rely on input from the same stakeholders and have some of the same goals. LFD staff has requested that DPHHS explain to the Health and Human Services Joint Appropriation Subcommittee how the two systems will be integrated. The issue is discussed more fully in the DPHHS overview.

Communicable Disease Control & Prevention Proposed Budget

The following table summarizes the executive budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	29.82	0.00	0.00	29.82	0.00	0.00	29.82	29.82
Personal Services	1,425,453	(89,205)	0	1,336,248	(89,539)	0	1,335,914	2,672,162
Operating Expenses	3,266,577	1,064,373	209,000	4,539,950	1,064,418	125,000	4,455,995	8,995,945
Grants	637,596	0	0	637,596	0	0	637,596	1,275,192
Total Costs	\$5,329,626	\$975,168	\$209,000	\$6,513,794	\$974,879	\$125,000	\$6,429,505	\$12,943,299
General Fund	419,332	44,426	0	463,758	43,939	0	463,271	927,029
State/Other Special	699,212	194,392	184,000	1,077,604	196,399	100,000	995,611	2,073,215
Federal Special	4,211,082	736,350	25,000	4,972,432	734,541	25,000	4,970,623	9,943,055
Total Funds	\$5,329,626	\$975,168	\$209,000	\$6,513,794	\$974,879	\$125,000	\$6,429,505	\$12,943,299

The communicable disease control and prevention budget request is about \$2 million higher over the 2007 biennium compared to FY 2004 base budget expenditures. Federal funds increase the most (about \$1.5 million) and state special revenue increases \$0.7 million. General fund changes are entirely attributable to state wide present law adjustments. Major funding changes are related to increases in federal categorical grants for tuberculosis, immunization, STD prevention, rape prevention, AIDS, and West Nile lab testing. State special revenue increases to allow pass through of food and consumer safety license fee income to local inspection boards (\$0.3 to \$0.4 million) and tobacco settlement revenue to continue funding for AIDS treatment authorized in a one time appropriation by the 2003 Legislature.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(33,528)					(33,879)	
Vacancy Savings				(55,677)					(55,660)	
Inflation/Deflation				(1,127)					(1,082)	
Fixed Costs				10,500					10,500	
Total Statewide Present Law Adjustments				(\$79,832)					(\$80,121)	
DP 96 - Increase Funding for Local Board Inspection Funds										
	0.00	0	159,000	0	159,000	0.00	0	159,000	0	159,000
DP 129 - Expanded West Nile Activities										
	0.00	0	0	445,000	445,000	0.00	0	0	445,000	445,000
DP 134 - Increase Funding for Ryan White AIDS Grant										
	0.00	0	0	168,000	168,000	0.00	0	0	168,000	168,000
DP 136 - Increase Funding for Tuberculosis Grant										
	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 137 - Increase Funding for Immunization Grant										
	0.00	0	0	78,000	78,000	0.00	0	0	78,000	78,000
DP 138 - Increase Funding for Rape Prev & Sexual Assault										
	0.00	0	0	61,000	61,000	0.00	0	0	61,000	61,000
DP 139 - Increase Funding for STD Prevention										
	0.00	0	0	44,000	44,000	0.00	0	0	44,000	44,000
Total Other Present Law Adjustments										
	0.00	\$0	\$159,000	\$896,000	\$1,055,000	0.00	\$0	\$159,000	\$896,000	\$1,055,000
Grand Total All Present Law Adjustments				\$975,168					\$974,879	

DP 96 - Increase Funding for Local Board Inspection Funds - This request adds \$159,000 state special revenue each year for increased funding for Food and Consumer Safety Section (FCSS) Local Board Inspection Funds License fee. The request adds appropriation authority to spend increases in license fees for retail and wholesale food establishments that were raised by the 2003 Legislature. A portion of that increase is implemented in 2005.

Base expenditures for local county board grant funds in FY 2004 were about \$0.6 million. These fees are passed through to local county programs to perform licensing and inspection activities.

DP 129 - Expanded West Nile Activities - This request adds \$445,000 federal authority each year of the biennium for increased funding for the Epidemiology and Lab Capacity Cooperative agreement. This grant has increased to fund expanded West Nile activities in Montana. Base budget expenditures were \$319,534.

DP 134 - Increase Funding for Ryan White AIDS Grant - This proposal adds \$168,000 of federal Ryan White Title II grant funds each year of the biennium. Base budget expenditures for treatment funding were \$1.5 million. The increased funding would allow the state to take advantage of expanded treatment funding by matching with state special revenue requested in DP 11 – Continue PSA for AIDS Prevention.

DP 136 - Increase Funding for Tuberculosis Grant - This request adds \$100,000 federal authority each year of the biennium for the Tuberculosis Elimination Cooperative Agreement. Base year expenses were \$205,663 and an additional \$100,000 in authority would allow PHSD to address fluctuations in the grant award.

**LFD
COMMENT**

Additional Federal Authority – The legislature may wish to consider whether to add additional federal authority if the grant amount is not known at the time the request is considered.

DP 137 - Increase Funding for Immunization Grant - This request adds \$78,000 federal funds each year of the biennium for increased immunization activities. Cooperative agreements for calendar year 2004 have increased the available funding. Base budget expenditures for direct immunization activities were about \$336,000.

This funding supports DPHHS staff who conduct on-site assessments of public and private vaccine practices, and who provide feedback and technical assistance to assist clinicians in increasing coverage rates.

The funds would support continued development of an immunization registry to track vaccine coverage rates across provider and county lines, and the majority of funds would be used to contract with local public health departments to carry out immunization activities including:

- Immunization registry maintenance and recording of immunizations for children served in the public and private sectors
- Assessment of vaccine history for children accessing WIC clinics, children being cared for in out-of-home child care settings, and children entering kindergarten in one school per county per year
- Updating pandemic influenza plans for each county health department, in cooperation with county emergency planners

DP 138 - Increase Funding for Rape Prev & Sexual Assault - This proposals \$61,000 federal funds each year of the biennium for an increase in the Rape Prevention and Sexual Assault grant. Base budget expenditures for direct services were \$131,000. As with base program expenditures about 90 percent of the additional funds would be used to contract with local service providers to enhance prevention, counseling, testing and treatment services.

DP 139 - Increase Funding for STD Prevention - This request adds \$44,000 federal funding each year of the biennium for the Sexually Transmitted Diseases program. Base budget expenditures for laboratory testing were \$124,000.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 11 - Continuation of PSA for AIDS Prevention (Requires Legislation)										
05	0.00	0	84,000	0	84,000	0.00	0	0	0	0
DP 101 - Prior Year Authority- Local Board Inspection Funds										
05	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 166 - Adult Lead Reporting										
05	0.00	0	0	25,000	25,000	0.00	0	0	25,000	25,000
Total	0.00	\$0	\$184,000	\$25,000	\$209,000	0.00	\$0	\$100,000	\$25,000	\$125,000

DP 11 - Continuation of PSA for AIDS Prevention (Requires Legislation) - This request continues \$84,000 in state special revenue over the biennium from the prevention and stabilization account to maintain AIDS treatment services at the 2005 biennium level. The funding, and therefore the services, are scheduled to terminate on June 30, 2005 due to one time diversion of tobacco settlement proceeds into the PSA. Please see the DPHHS overview for a more thorough discussion for further information on PSA funding.

DP 101 - Prior Year Authority- Local Board Inspection Funds - This request adds \$100,000 state special revenue each year of the biennium to allow prior year local board inspection funds to be passed through to local contractors. These funds, a portion of the Food and Consumer Safety license fee, were collected in prior years and were withheld when performance standards were not met. The appropriation would allow PHSD to distribute these funds for activities related to improving performance in this area.

The funds represent the fees collected and not distributed, and once used this reserve will be eliminated. PHSD has requested that this appropriation be designated as one-time-only to keep it from being in the base budget.

DP 166 - Adult Lead Reporting - This request adds \$25,000 federal funds each year of the biennium for the adult lead reporting program. Currently, PHSD contracts with the National Institute of Occupational Health and Safety to report adult lead levels and is reimbursed \$25,000 annually for this activity. While funding is still dependant on federal budgeting, the amount requested appears to be available through the next biennium.

Laboratory Proposed Budget

The following table summarizes the executive budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	29.00	(0.24)	2.00	30.76	(0.29)	2.00	30.71	30.71
Personal Services	1,123,286	212,701	91,760	1,427,747	210,063	91,504	1,424,853	2,852,600
Operating Expenses	1,070,667	257,623	0	1,328,290	257,625	0	1,328,292	2,656,582
Equipment	22,280	0	0	22,280	0	0	22,280	44,560
Debt Service	37,587	0	0	37,587	0	0	37,587	75,174
Total Costs	\$2,253,820	\$470,324	\$91,760	\$2,815,904	\$467,688	\$91,504	\$2,813,012	\$5,628,916
General Fund	185,370	(12,675)	0	172,695	(15,271)	0	170,099	342,794
State/Other Special	2,000,079	281,214	45,880	2,327,173	281,055	45,752	2,326,886	4,654,059
Federal Special	68,371	201,785	45,880	316,036	201,904	45,752	316,027	632,063
Total Funds	\$2,253,820	\$470,324	\$91,760	\$2,815,904	\$467,688	\$91,504	\$2,813,012	\$5,628,916

The 2007 biennium budget request for the laboratory function increases about \$1 million over the biennium – split between state special revenue from laboratory testing fees and federal grant funds. The request includes funding for 2.00 new FTE. PHSD allocated a general fund personal services reduction to the laboratory function.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				281,570					281,528
Vacancy Savings				(56,194)					(56,194)
Inflation/Deflation				(39)					(37)
Fixed Costs				10,662					10,662
Total Statewide Present Law Adjustments				\$235,999					\$235,959
DP 102 - Additional Authority for Lab Supplies	0.00	0	72,000	72,000	0.00	0	72,000	0	72,000
DP 133 - Increase Funding for Biomonitoring	0.00	0	175,000	175,000	0.00	0	0	175,000	175,000
DP 9999 - Statewide FTE Reduction	(0.24)	(12,675)	0	(12,675)	(0.29)	(15,271)	0	0	(15,271)
Total Other Present Law Adjustments	(0.24)	(\$12,675)	\$72,000	\$234,325	(0.29)	(\$15,271)	\$72,000	\$175,000	\$231,729
Grand Total All Present Law Adjustments				\$470,324					\$467,688

DP 102 - Additional Authority for Lab Supplies - This request adds \$72,000 each year of the biennium for state special spending authority due to anticipated testing workload increases in the public health and environmental laboratories. Testing fees are the source of state special revenue and will be used to purchase additional supplies. The increase is about 10 percent. The base budget expenditures for supplies were \$0.7 million.

DP 133 - Increase Funding for Biomonitoring - This proposal adds \$175,000 federal authority each year of the biennium. The biomonitoring grant is used to investigate human exposure to chemical contaminants in the environment. Montana is a member of a consortium comprised of six mountain states including Arizona, New Mexico, Utah, Colorado and Wyoming, who have common interests in investigating for environmental contaminants that affect the human population.

The biomonitoring grant funds would be used to test and measure specific chemical constituents in human serum/urine with the intent of identifying environmental chemical contaminants deemed harmful to humans. No human testing related to this grant is currently being performed in Montana. Previous grant funds have been used for start-up purposes (primarily personnel and plan development with a consortium). The additional grant funds would be used to offset the cost of testing and may involve the purchase of laboratory equipment.

DP 9999 - Statewide FTE Reduction - This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.29 FTE and \$28,000 general fund for the biennium are removed from the budget permanently.

New Proposals

New Proposals										
Sub Program	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 117 - Clinical Laboratory Specialist 07	1.00	0	45,880	0	45,880	1.00	0	45,752	0	45,752
DP 187 - Environmental Laboratory Chemist 07	1.00	0	0	45,880	45,880	1.00	0	0	45,752	45,752
Total	2.00	\$0	\$45,880	\$45,880	\$91,760	2.00	\$0	\$45,752	\$45,752	\$91,504

DP 117 - Clinical Laboratory Specialist - This request adds \$91,632 state special revenue over the biennium for a clinical laboratory specialist to work in the Public Health Laboratory. Workloads have increased 21.6 percent over the last five years while staffing has remained constant. The position would be supported by fee income.

DP 187 - Environmental Laboratory Chemist - This request adds \$91,632 federal funds over the biennium for a chemist to work in the Environmental Laboratory. This chemist would validate, implement and perform the new laboratory tests for chemical terrorism. These tests have been developed by Centers for Disease Control and Prevention but have not yet been available in Montana.

Public Health System Improvement & Preparedness Proposed Budget

The following table summarizes the executive budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	24.69	0.00	6.00	30.69	0.00	6.00	30.69	30.69
Personal Services	1,110,657	124,913	256,793	1,492,363	122,911	256,089	1,489,657	2,982,020
Operating Expenses	7,112,978	2,393,197	0	9,506,175	2,393,253	0	9,506,231	19,012,406
Equipment	102,938	0	0	102,938	0	0	102,938	205,876
Grants	148,256	0	0	148,256	0	0	148,256	296,512
Total Costs	\$8,474,829	\$2,518,110	\$256,793	\$11,249,732	\$2,516,164	\$256,089	\$11,247,082	\$22,496,814
General Fund	20,169	0	0	20,169	0	0	20,169	40,338
Federal Special	8,454,660	2,518,110	256,793	11,229,563	2,516,164	256,089	11,226,913	22,456,476
Total Funds	\$8,474,829	\$2,518,110	\$256,793	\$11,249,732	\$2,516,164	\$256,089	\$11,247,082	\$22,496,814

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				176,396					174,312
Vacancy Savings				(51,483)					(51,401)
Inflation/Deflation				(891)					(842)
Fixed Costs				0					4,005
Total Statewide Present Law Adjustments				\$124,022					\$126,074
DP 124 - Fully Implement Emergency Preparedness	0.00	0	0	1,026,038	0.00	0	0	1,022,238	1,022,238
DP 128 - Fully Implement Hospital Emergency Preparedness	0.00	0	0	1,166,050	0.00	0	0	1,165,852	1,165,852
DP 140 - Increase Funding for Health Trend Monitoring	0.00	0	0	35,000	0.00	0	0	35,000	35,000
DP 176 - Increase Funding - Preventative Health Block Grant	0.00	0	0	167,000	0.00	0	0	167,000	167,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$2,394,088	0.00	\$0	\$0	\$2,390,090	\$2,390,090
Grand Total All Present Law Adjustments				\$2,518,110					\$2,516,164

DP 124 - Fully Implement Emergency Preparedness - This request adds \$1,026,000 each year of the biennium for federal spending authority for increased funding for public health emergency preparedness, doubling what was spent for this function in FY 2004.

Funds would be used to continue to address grant-required standards and critical capacities, which are currently under revision by the Centers for Disease Control (CDC) and may include some new requirements. Rural states like Montana must continue to build preparedness capabilities, as historically available resources have been dramatically less than resources available to metropolitan areas. The funding would be used for:

- Continuous testing, improvement and upgrading of local, regional and state plans, protocols, equipment and response systems. An emphasis continues on integration of public health and hospital emergency response with existing local, regional, state and federal response systems and assets
- Strengthening state and local-level food and water borne illness investigation, and response capabilities

- Enhancing active and passive surveillance in cooperation with local public health agencies and health care providers to provide early identification of public health threats
- Continuing development of laboratory capacity for adequate response to a chemical terrorism event, including physical plant renovation as well as the purchase of additional equipment necessary to meet CDC expectations. NP 187 also requests a laboratory chemist to assist with implementation of new equipment and testing procedures related to preparedness
- Expanding technological capacity of the state, county and tribal public health system to better support both routine and emergency operations at the local level (i.e., installing cost-effective connectivity and merging immunization and emergency preparedness software functionality)
- Continuing public health and emergency preparedness training to hone the skills of state and local public health personnel in the areas of advanced incident command systems, use of communication and information technology, conducting and using the results of preparedness drills and exercises, and understanding legal issues in emergency preparedness

DP 128 - Fully Implement Hospital Emergency Preparedness - This request is for an additional \$1.2 million each year of the biennium for federal spending authority for increased funding for Public Health Emergency Preparedness - Health Resources and Services Administration. The base budget was about \$6 million.

The hospital emergency preparedness funding is directed toward hospitals, outpatient facilities and emergency medical services systems to improve facility surge capacity in the following priority areas: beds, personnel, isolation, quarantine, personal protective equipment, decontamination, pharmaceuticals, trauma, mental health, transportation, and communications.

DP 140 - Increase Funding for Health Trend Monitoring - This request adds \$35,000 in federal funds each year of the biennium for the Behavioral Risk Factor Surveillance System (BRFSS). The BRFSS is conducted nationwide and has been collecting and reporting health survey data since 1984. It is a key source of information on health trends, risks for disease, access to health care, and health-related practices of Montanans. The information is used to identify important health issues, formulate helpful strategies and policies to improve the health status of Montanans and to evaluate health services and programs. The increased funding will allow the information from the survey to be more widely disseminated and better utilized for health improvements. Base year expenditures were about \$197,000.

DP 176 - Increase Funding - Preventative Health Block Grant - This proposal requests \$167,000 federal funds each year of the biennium for increases in the Public Health Block grant.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 159 - Statewide Emergency Preparedness Staff										
10	3.00	0	0	135,818	135,818	3.00	0	0	135,440	135,440
DP 163 - Public Health Planner										
10	1.00	0	0	43,580	43,580	1.00	0	0	43,461	43,461
DP 164 - Communicable Disease Monitoring Staffing										
10	1.00	0	0	40,207	40,207	1.00	0	0	40,098	40,098
DP 165 - Environmental Public Health Tracking Staff										
10	1.00	0	0	37,188	37,188	1.00	0	0	37,090	37,090
Total	6.00	\$0	\$0	\$256,793	\$256,793	6.00	\$0	\$0	\$256,089	\$256,089

DP 159 - Statewide Emergency Preparedness Staff - This request funds 3.00 new FTE and about \$270,000 in federal authority over the biennium. The request includes funding for a food safety laboratory scientist, chemical terrorism laboratory coordinator, and administrative support for public health emergency communications and training. These FTE are already on board in modified level positions.

The chemical terrorism laboratory coordinator is responsible for developing a plan that ensures preparedness for the possibility of a chemical terrorism event. The food safety laboratory scientist is responsible for development and implementation of laboratory methods capable of identifying both biological and chemical contamination of food supply items. The administrative support position supports state and local public health and emergency response personnel, making print and electronic resources available to communicate health information to the media, the public, and special populations, and coordinating training opportunities using traditional and distance learning modalities.

DP 163 - Public Health Planner - This request for 1.00 FTE and \$87,041 federal funds over the biennium would make permanent the current modified position of public health planner. This position is responsible for public health planning activities including providing data and support for state and local health assessment and health improvement planning. Work products include county health profiles, reports on the state of the state's health, and a PHSD strategic plan.

DP 164 - Communicable Disease Monitoring Staffing - This request for about \$40,000 federal funds, including funds for 1.00 FTE, each year of the biennium would make permanent the current modified position of health program specialist for communicable disease monitoring. The position is responsible for development and implementation of standards-based electronic lab reporting and messaging, web browser-based data entry and data management, centrally integrated data storage and exchange, and analysis and reporting capability (i.e., Geographic Information System (GIS) capacity). This position is responsible for coordinating and integrating preparedness activities into existing public health infrastructure, assuring coordination with public health system improvement efforts, and coordination with other stakeholders in disaster and emergency related activities (e.g. fire, emergency medical services, law enforcement, medical practitioners, local and tribal governments, other state and federal agencies and local public health).

DP 165 - Environmental Public Health Tracking Staff - This is a request for 1.00 FTE and about 37,000 federal funding each year of the biennium to make permanent the current modified position of environmental public health tracking program specialist. The duties of this position include addressing environmental health concerns and developing a public health tracking network.